

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY,)	
AND A CERTIFICATE OF ENVIRONMENTAL)	CASE NO. 92-112
COMPATIBILITY FOR THE CONSTRUCTION OF)	
300 MW (NOMINAL) OF COMBUSTION TURBINE)	
PEAKING CAPACITY AND RELATED TRANS-)	
MISSION FACILITIES IN CLARK AND MADISON)	
COUNTIES IN KENTUCKY)	

O R D E R

Each Commissioner, having received identical correspondences from Kentucky-American Water Company, a representative sample of which is attached hereto as Appendix A, and the correspondence received via facsimile, which is attached hereto as Appendix B, the Commission HEREBY ORDERS that the correspondences be included in the record of this case, served upon all parties. Any party that wants to respond to the substance of the attached correspondences may do so at the hearing scheduled in this matter.

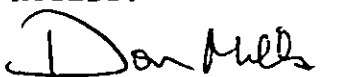
Done at Frankfort, Kentucky, this 25th day of August, 1992.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:



Executive Director



Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502

606-269-2386

August 19, 1992

The Honorable George Overbey, Jr.
Chairman
Public Service Commission
730 Schenkel Lane
Frankfort, KY 40602

Dear Chairman Overbey:

Kentucky-American Water Company recently became aware of a proposal by East Kentucky Power Company to construct and operate a combustible turbine power plant at the J. K. Smith Station site at Trapp, Kentucky. This proposal contemplates construction and operation on the Kentucky River directly upstream from Kentucky-American's water withdrawal intake.

According to Kentucky statutes water used for power production is exempt from the requirement of obtaining a withdrawal permit from the Division of Water. This means that a potential 2.0 million gallon per day uncontrolled withdrawal will be directly upstream of Kentucky-American's intake. East Kentucky Power has indicated that less than 12 percent of the water will be returned to the river through wastewater discharge.

Although the river normally has more than an adequate water supply for all users, the situation can be severe during low flow periods. Kentucky-American's current withdrawal permit from the Division of Water is being revised, and indications are that it will require the gradual reduction of withdrawals from 60 million gallons per day (MGD) to 25 MGD as the river flow drops below 78 MGD. Because it is exempt from the authority of the Division of Water, East Kentucky Power will not be required to reduce withdrawal amounts. Kentucky-American fully appreciates the need for power generation but also feels that public water supply should be given an equal priority to its primary resource during low flow periods.

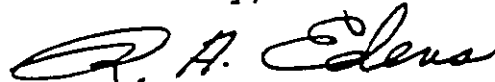
RE: East Kentucky Power Plant, J. K. Smith Station, Trapp, KY
August 19, 1992
Page Two

We also feel that East Kentucky Power has not fully addressed the impact of its proposal on the Kentucky River. I have attached a copy of a letter to Richard Raff of the Kentucky Public Service Commission explaining our position.

The Kentucky Public Service Commission has scheduled a hearing for a Certificate of Convenience and Necessity for August 25, 1992. If you agree that we cannot allow the integrity of the main source of supply for the Kentucky-American service area to be compromised, please contact the Public Service Commission to voice your concerns. In addition, we feel that an effort should be made to repeal the statutory inequity which allows East Kentucky Power Company a water withdrawal permit exemption.

Please feel free to contact me to discuss this matter, and let me thank you for any support that you are able to provide.


Sincerely,

A handwritten signature in cursive script, appearing to read "R. A. Edens".

Robert A. Edens
Vice President & Manager

RAE/ds

Attachment



Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502

606-269-2386

August 19, 1992

Mr. Richard G. Raff
Staff Attorney
Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, Kentucky 40602

RE: EAST KENTUCKY POWER PLANT
J. K. SMITH STATION, TRAPP, KENTUCKY

Dear Mr. Raff:

It is with extreme concern that I address this issue and will appreciate any consideration or discussion that you are able to give us at this time.

According to KRS 151.140, any water withdrawn for the specific use of the production of steam generated electricity at a plant whose rates are regulated by the PSC or for which plants a Certificate of Environmental Compatibility is required by law is exempt from obtaining a water withdrawal permit. The information we received from East Kentucky Power does not distinguish how much water will be used as potable water and how much is to be used in power production. According to their reports, the proposed station could have estimated withdrawals equal to 2.0 million gallons per day (gpd). Only a return of 239,000 gpd of wastewater is estimated. According to the Division of Water, any usage over 10,000 gpd not used for the production process will need to be permitted.

As you are aware, the Division of Water has recently begun imposing restrictions on Kentucky-American's water withdrawal permit from the Kentucky River. Specifically, Kentucky-American is limited in its withdrawals during low flow periods and indications from the Division of Water are that withdrawals may be reduced to as little as 25 MGD during a drought period. Kentucky-American has recently requested a revised withdrawal permit for 60 million gallons per day.

As an entity exempt from withdrawal permit, the proposed power station would not be limited in water withdrawal amounts during low flow periods unless the Public Service Commission chooses to impose restrictions as part of its Certificate of Convenience and Necessity Order. While we do not wish to interfere with the power station's ability to operate, we feel strongly that public water supply should be given at least an equal priority to water withdrawals as power generation. To have an uncontrolled withdrawer directly upstream of our intake is not only inequitable during low flow periods, it compromises the integrity of Kentucky-American's source of supply.

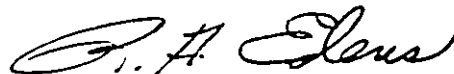
In addition, we are concerned that East Kentucky Power does not fully appreciate the impact of its construction and operation on the river. On page 4-1 of the East Kentucky Power Application for a Certificate of Environmental Compatibility, it states that site construction may cause some increases in turbidity in the Kentucky River, especially during periods of stormwater runoff. Increased turbidity reflects a direct increase in Kentucky-American's treatment efforts. Additional effort should be undertaken on the part of East Kentucky Power to absolutely minimize construction impacts on the river. This should include stormwater retention ponds.

On page 4-2, the application states that treated wastewater will be discharged into the Kentucky River with sanitary wastewater being processed through a package treatment plant. Although the proposed plant is not described, these type operations are notorious for their failures and are an obvious concern to us. In addition, the application states that "There will be some minimal decline in the water quality of the river during operation of the SCCT." We are concerned with what East Kentucky Power's definition of what "minimal" may be.

Considering the ongoing community efforts to protect the Kentucky River as a source of supply, East Kentucky Power has not fully addressed the issue and is requesting virtually uncontrolled withdrawals. Kentucky-American is obligated to maintain a position that is in the best interest of its customers, and requests your assistance in ensuring that public water supply is given equal priority and complete consideration in this issue.

It is our intention to make community leaders and the general public aware of our concerns so that appropriate consideration is given to all aspects of the environmental impact. Please contact me if you wish to discuss this further.

Sincerely,



Robert A. Edens
Vice President & Manager

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES

BILL LEAR
STATE REPRESENTATIVE
79th Legislative District
Fayette County



732 Lakeshore Drive
Lexington, Kentucky 40502
Home: (606) 269-4852
Office: (606) 231-3011

FRANKFORT, KENTUCKY 40601
MESSAGE LINE 1-800-372-7181

August 24, 1992

VIA FAX (502) 564-7279

Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, Kentucky 40602

Re: East Kentucky Power Company Application for
Certificate of Environmental Compatibility

Dear Commission Members:

I have just been made aware of the application by East Kentucky Power Company to construct a combustible turbine power plant at the J.K. Smith Station in Trapp, Kentucky. As I understand it, the operation of this facility could involve the withdrawal of approximately 2,000,000 gallons of water per day from the Kentucky River. The point of withdrawal would be a relatively short distance upriver from the main pool where Kentucky-American Water Company withdraws water to serve Lexington and other Central Kentucky areas.

As you are aware, during drought conditions in recent years, the flow in the Kentucky River has gotten so low that water usage in Central Kentucky has been seriously curtailed. The availability of drinking water, especially during drought periods, is likely to be one of the limiting factors for economic growth in this part of Kentucky over the next decade.

For the foregoing reasons, it is imperative that the existing and anticipated future needs of Central Kentucky for drinking water be given priority over the use of river water for

new power facilities. I, therefore, respectfully request that the Commission require East Kentucky Power Company to pursue other alternatives with regard to its new power plant. In any event, I request that the PSC approve East Kentucky Power's application only if the Commission determines, beyond all reasonable doubt, that the withdrawal of water by East Kentucky Power will not have a negative impact on the availability of drinking water for the citizens of Kentucky during the most severe drought conditions reasonably foreseeable.

Please contact me if you have any questions concerning this matter.

Sincerely,



Bill Lear
State Representative
79th Legislative District

BL/lcp
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